ANNUAL REPORT

ON THE PERFORMANCE OF

KAROO HOOGLAND MUNICIPALITY

FOR THE 2012/13 FINANCIAL YEAR

IN TERMS OF

SECTION 46 OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 2000

AND

SECTION 121 OF THE MUNICIPAL FINANCIAL MANAGEMENT ACT, 2003

January 2014

CONTENT

CHAPTER 1:

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

COMPONENT A : MAYOR'S FORWORD



❖ **Vision**

The Municipal Council of the Karoo Hoogland Municipality will strive to implement / establish a process to improve the quality of life of all its residents by maximum, utilization of resources and the continuous involvement of all community members by enhancing economic, social, health and environmental issues as well as effective service delivery.

❖ **Key Policy Developments**

The following National and Provincial KPA's were approved as part of the IDP and Karoo Hoogland Municipality focused on the following :-

i) Municipal Transformation and Organisational Development
ii) Basic Service Delivery
iii) Local Economic Development
iv) Municipal Financial viability and Management
v) Good Governance and Public Participation

❖ **Key Service Delivery Improvements**

The 2012/2013 financial year was a very challenging year.

The year under review as well as the preceding year were very challenging and the following should be mentioned:

- For both the years 2011/2012 and 2012/2013 the municipality was not in a position to compile Annual Financial Statements. The result was that the municipality has to date not been audited and this will most probably result in a Disclaimer Opinion from the Auditor General.
- The services of the Municipal Manager who was appointed during the 2011/2012 financial year, was terminated in terms of a High Court Ruling, during the 2012/2013 financial year.
- This is also the reason why the municipality did not submit an Annual Report for the 2011/2012 financial year.

Due to the above circumstances it is obviously difficult to compile this Annual Report (2012/2013). During the financial year of 2012/2013 the following successes were achieved which also formed part of the approved IDP :

- Fraserburg Reservoir (Dec 2012)
- No EPWP Job Creation Projects
- Upgrading of Electrical Substation : Fraserburg

❖ Public Participation

Various meetings were held with the community regarding the IDP and Budget. Ward Committees were established in the various Wards although they are not functional yet.

❖ Future Actions

The following projects were approved in the IDP during the 2012/2013 financial year for the 2013/2014 financial year.

- Upgrading of Sutherland Reservoirs
- Installation of electricity supply to 210 Houses in Fraserburg
- Upgrading of electrification network in Fraserburg

❖ Agreements / Partnerships

No Specific Agreements or Partnerships were entered into.

❖ Conclusion

Karoo Hoogland Local Municipality continues to strive to deliver services to its community that is affordable and of an acceptable quality.

Finally, I wish to extend my sincere gratitude towards the residents, Council and officials who diligently work together to ensure an environment conducive for economic growth with special focus on poverty alleviation and job creation.

JP Julies
Mayor
23 January 2014

1.1 MUNICIPAL MANAGER'S OVERVIEW

Our aim is to build the capacity of Karoo Hoogland Local Municipality to facilitate good governance and sustainability so that Council is able to meet its community's needs.

VISION STATEMENT

The purpose of a vision statement is to indicate in writing (a statement) what issues should be addressed in order to ensure a better future for all. Different issues/steps should be emphasised on how to create the future. This statement should be realistic and gap the bridge between the current reality (problems) and the future development (better world to live in).

The following **vision** was adopted for Karoo Hoogland Municipality:

"Karoo Hoogland will be an economical growth node in the Northern Cape, earmarked by active community participation. Council must create an environment that will enhance economic development with specific focus on poverty alleviation and the creation of direct and indirect job opportunities. Residents will have direct access to basic minimum services and a culture of pay for services must be promoted. Special focus on the development of life skills, infrastructure and education will add to economical-growth. A safe and healthy environment must be ensured for the communities of Karoo Hoogland."

Karoo Hoogland Municipality, as the legitimate representative of the local community, shall strive to promote developmental local government, promote socio-economic development, provide efficient, affordable, sustainable and quality service, improve the general conditions of women, the youth, the disabled and the elderly, protect and conserve the environment, achieve all these, through a strong and stable environment and effective administration. As well as the following:

- Render quality, effective and sufficient services
- Promote the general well being through a safe and healthy environment amongst all residents.
- Equality and fairness in the allocation of resources, and
- Promote sound and sustainable economic growth in the municipal area.

The undersigned wish to point out that he was not in the employ of the municipality during the year under review and only commenced duty on 1 November 2013. During the year under review the municipality had an acting Municipal Manager.

Mr GW Von Möllendorf
Municipal Manager
22 January 2014

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Karoo Hoogland Municipality consists of Sutherland, Williston and Fraserburg and surrounding rural area.

The municipality comprises an area of 32 274 km² and falls within the area of jurisdiction of Namakwa District Municipality.

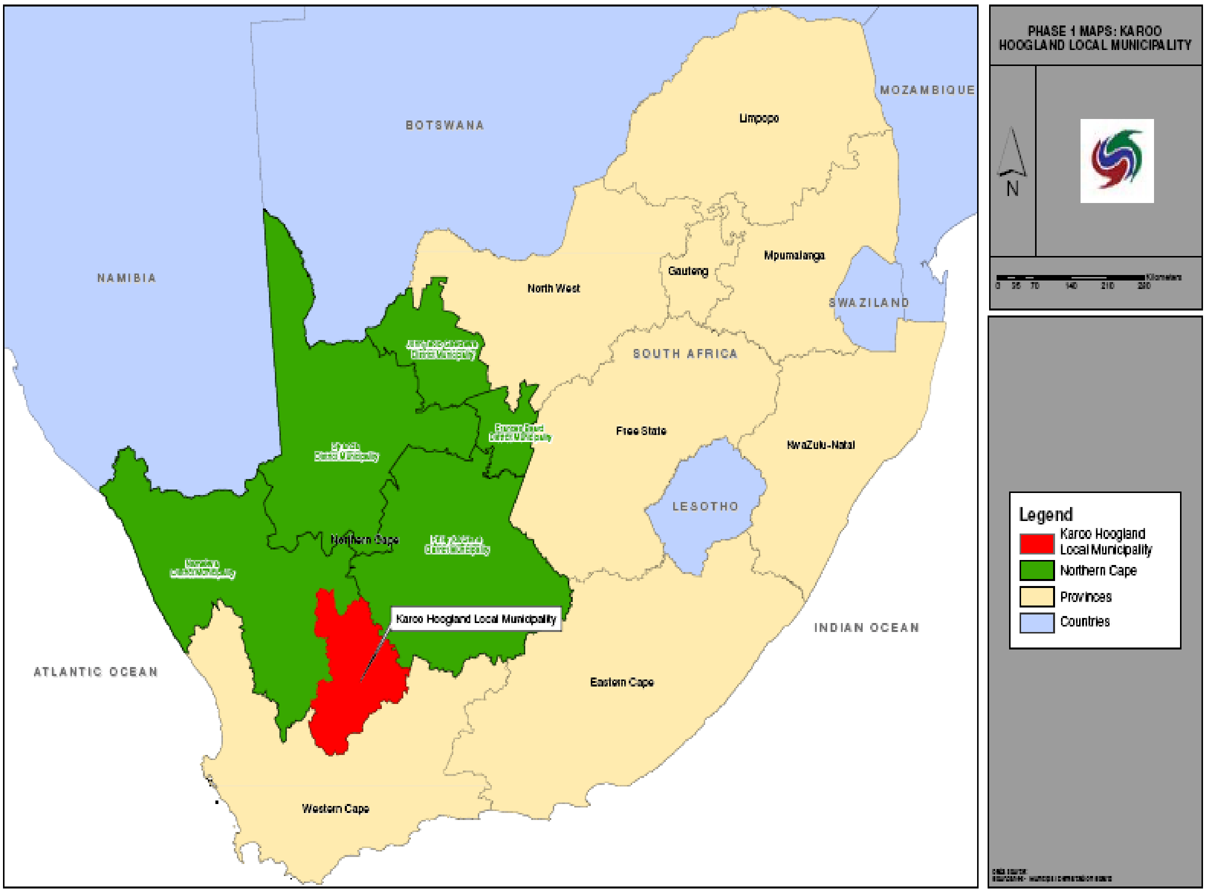
Households	* 2204 (Households serviced)
Population	* 11601 (Sensus 2011)
Registered erven	* 4398
Total Households	* 3388 (Including Rural areas)
Indigents	* 1035

Households with access to water and basic services : 2204

Households with access to sanitation :	2204
Households with access to electricity :	1984
Households with access to refuse removal:	2204

DEMOGRAPHY

The following map demonstrates the location of the municipal area within a provincial and national context.



Karoo Hoogland Municipality have a total population of approximately 11 601 according to STATS SA Survey done in 2011.

Karoo Hoogland is situated in the most Southern part of the Northern Cape and falls within the area of jurisdiction of Namaqua District Municipality with its head office located in Springbok. The three main towns in Karoo Hoogland are Williston, Fraserburg and Sutherland which are respectively 499 km, 592 km and 539 km from Springbok. Karoo Hoogland Municipality is devided into 4 Wards and there is an estimate of 2204 households in the area serviced by the Municipality.

POPULATION DISTRIBUTION IN KAROO HOOGLAND MUNICIPAL AREA

Fraserburg : 23% of total population
Non Urban areas (Rural) : 31% of total population
Sutherland: 19% of total population
Williston : 27% of total population

It is evident that the most significant portion of Karoo Hoogland's urban population resides in Williston (27%). The Karoo Hoogland LM also has a large rural population, with 31% of its population residing in the non-urban (NU) regions within the Municipality which covers approximately 99% of the LMs geographical area.

The age distribution of a population is important because the largest age group inevitably indicates its own demands on the market.

A large number of residents are still dependant on government grants and is the unemployment rate currently 23.1%. This tendanst in it self have a negative influence on the payment of services and a total of 1035 households are subsidice by the service subsidized scheme.

The Karoo Hoogland population can be regarded as having a high **dependency ratio**. With **10.6%** of the population over the age of 65 and **24.5%** are under 15 years. *The latter youth group will be demanding education, housing and jobs in the near future.* The Karoo Hoogland gender distribution is 47, 8% males and 52, 2% females. See Annexure H for the Population detail breakdown according to QUANTEC.

The average population growth rates between 2001 and 2010 are as follows:

- Northern Cape Province (0.3%)
- Namakwa District Municipality (-0.1%)
- Karoo Hoogland Local Municipality (-1.7%)

Wards within the Municipal Boundaries:

- Ward 1 - Williston
- Ward 2 - Fraserburg
- Ward 3 - Rural surroundings
- Ward 4 - Sutherland

1.3 DEVELOPMENT GOALS

With the vision and the above as guidelines, the input and needs of the inhabitants as a base and the background information, which the Council already has, the following prioritized areas of potential have been identified for developments in the Municipal area:

- KAROO HOOGLAND MUNICIPALITY must deliver a positive contribution to the sustainable growth and development within its boundaries with special reference to economical and social youth development.
- To further enhance the current infrastructure with special reference to basic services and roads.
- The promotion of a safe and tourism friendly environment should be furthered in order to promote tourism and investor interest in the region. (*Tourism, i.e. eco-tourism, agri-tourism and astro-tourism)*
- The promotion of human resources within the organization through apprenticeships and skills development.
- To better the involvement of social organizations and churches.

CHALLENGES FACED BY THE MOST POVERTY STRICKEN WARDS

- High rate of teenage pregnancies
- Increase in drug and alcohol abuse
- HIV/AIDS
- Education and literacy
- Lack of basic life skills
- Increase in crime
- Tuberculoses
- Domestic violence
- High unemployment rate

1.4 PGDS DEVELOPMENT TARGETS

- To maintain an average annual economic growth rate of between 4% - 6%
- To halve the unemployment rate by 2014
- To reduce the number of households living in absolute poverty by 5% per annum
- To improve the literacy rate by 50% by 2014
- To reduce infant mortality by two third by 2014
- To reduce maternal mortality by two third by 2014
- To provide shelter for all by 2014
- To eliminate sanitation problems by 2014
- To reduce crime by 10% by 2014
- To stabilize the prevalence rate of HIV/ Aids and begin the reverse by 2014
- To redistribute 30% of productive agricultural land to PDI's by 2015
- To conserve and protect 6,5% of our valuable biodiversity by 2014 and
- To provide adequate infrastructure for economic growth and development by 2014.

The achievement of the above will see the municipality growing economically and become viable to minimize poverty levels.

1.5 SERVICE DELIVERY OVERVIEW

The Municipality deliver services to Williston, Sutherland, Fraserburg and surrounding farms.

SERVICE DELIVERY CHALLENGES FACED BY THE MUNICIPALITY

- With reference to the provision of basic services (water, electricity and sanitation) the municipality does not face any serious challenges as all households in the municipality receive basic services such as electricity, water and sanitation.
- The major challenge is to address the housing backlogs in all three towns as well as the road infrastructure.

ELECTRICITY

The Municipality supplies electricity to Fraserburg and part of Williston. The other part of Williston as well as Sutherland and the rural areas are serviced by ESKOM.

WATER

All households in the Karoo Hoogland Municipal area have access to water.

SANITATION

- All households in the Karoo Hoogland Municipal area have access to basic sanitation.
- Some of the erven in all three towns are connected to a waterborne sewerage system.
- Some erven are still equipped with sewerage drains and the sewerage are removed with sewerage removal vehicles.
- The balance of the erven have dry sanitation toilets, which are also serviced by the municipality.

ROADS

The Municipality is only responsible for the maintenance of certain secondary roads in the three towns. The main roads in the three towns as well as the roads in the rural area are provincial proclaimed roads. The tar roads are not in a good condition and will have to be resealed in the future.

LANDFILL SITE

There are landfill sites in each of the three towns..

ACCESS TO ESSENTIAL SERVICES

- The Municipality deliver all essential services in Williston, Fraserburg and Sutherland.
- All households have access to water.
- All households have access to sanitation.
- All households have access to electricity.
- All households have access to refuse removal.

The Municipality deliver services to **1035** indigent households.

1.6 FINANCIAL HEALTH OVERVIEW

AUDITOR GENERAL REPORT

The Municipality did not submit Annual Financial Statements for the 2011/2012 Financial year and has therefor not been audited.

STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure That reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-ear financial reporting).	
3.	Finalize the 4th quarter Report for previous financial year.	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General.	
5	Municipal entities submit draft annual reports to MM.	
6	Audit/Performance Committee considers draft Annual Report of Municipality and entities (where relevant).	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	
10	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data.	September – October
11	Municipality receives and starts to address the Auditor General's comments.	November
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report.	
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assess Annual Report	
15	Council adopts Oversight report	December
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial Councils	
18	Commencement to draft Budget / IDP finalization for next financial year. Annual Report And Oversight Reports to be used as input.	January

COMMENTS ON THE ANNUAL REPORT PROCESS

To achieve the said deadlines for preparing the Annual Report the Financial Statements must be completed and submitted by 31 August of each year. However the Financial Statements was not compiled and submitted to the Auditor General office. This makes it difficult to align the new process of compiling the IDP, Budget and Performance Management System. The Municipality also does not have a Performance Management System currently.

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW – YEAR 2012/13			
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income			
Grant	31 884 000		31 671 342
Taxes, Levies and tariffs	23 396 000		16 585 389
Other	6 232 520		3 906 999
Sub Total	61 512 520		52 163 730
Less Expenditure	61 427 200		62 650 355
Surplus/ (Shortfall)	**85 320**		**(10 486 625)**

OPERATING RATIOS		Budget
Detail	**%**	
Employee Cost	29	17 861 127
Repairs and Maintenance	4	2 140 547
Finance Charges	3	1 631 842
Impairment	23	14 115 122
General Expenses	41	26 546 570

CHAPTER 2

GOVERNANCE

The Municipal Demarcation Board annually undertakes capacity assessments of all local authorities in South Africa and makes recommendations to the Provincial MEC of Local Government with regard to the capacity of each municipality to perform its functions in terms of the Municipal Structures Act.

The powers and functions of KHM were not adjusted for the year under review.

The municipality still performs 21 functions which is more than the average of 20 in our province. See Annexure B.

2.1 POLITICAL GOVERNANCE

The Karoo Hoogland Council consists of 7 Councillors. There are 4 Ward Councillors and 3 PR Councillors. Only the Mayor is a full time Councillor of the Municipality.

The seven councillors represent the following political parties:

Councillor JP Julies	-	COPE	(Mayor/Speaker)
Councillor (Ms) GM Beukes	-	ANC	
Councillor JE Davids	-	ANC	
Councillor (Ms) CM Fortuin	-	ANC	
Councillor JJ Van Der Colff	-	DA	
Councillor ACV Van Wyk	-	DA	
Councillor (Ms) E Vermeulen	-	COPE	

In terms of Section 9 of the Local Government: Municipal Structures Act (No. 117 of 1998) KHM is a Category B municipality with a plenary executive system combined with a ward participatory system.

A Schedule of the Councillors and council committees are attached (Annexure A)

Council consist of the following Committees :

ADMINISTRATIVE / FINANCIAL COMMITTEE (4 COUNCILLORS)
This Committee is dealing with all the financial aspects, administrative aspects and personnel aspects of the Municipality.

TECHNICAL COMMITTEE (4 COUNCILLORS)
This Committee is dealing with all the projects, service delivery and infrastructure of the Municipality.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (3 COUNCILLORS)
This Committee is dealing with all relevant financial, audit issues.

ECONOMIC DEVELOPMENT AND TOURISM (4 COUNCILLORS)
This Committee is dealing with all relevant local economic development and tourism issues.

LAND USE COMMITTEE (4 COUNCILLORS)
This Committee is dealing with all relevant land use, planning and commonage issues.

Total of 18 Council meetings were held during the year.

2.2 ADMINISTRATIVE GOVERNANCE

Municipal Manager (1 January 2012 - 22 February 2013)
Mr E Saayman

Acting Municipal Manager (March 2013 - August 2013)
JT Loubser

Corporate Service Manager
Mr L Nothnagel

Chief Financial Officer
Dr MK Botha

Infrastructure Services Manager
Mr FJ Lotter (Acting)

Attached is the approved organogram of the Municipality. (Annexure E)

There are 106 posts approved on the current organogram and for further personnel statistics see 3.21(Human Resource Services) and also see Annexure F.

2.3 INTERGOVERNMENTAL RELATIONS

PROVINCIAL AND DISTRTICT INTERGOVERMENTAL STRUCTURE

Meetings and interactions on the following levels are regularly attended to enhance the Municipality regarding National and Provincial Government Policies and practices.

- Work closely with District Municipality, Provincial Government, SALGA to finalize the Provincial Urban Development Framework.
- Rollout of National Local Government anti-corruption strategy to all Municipalities and coordinate the implementation of the strategy at a local level.
- Support regarding implementation of the Municipal Property Rates Act.
- Support Municipality to comply with MFMA priority areas for implementation.
- Provincial Government and District Municipality support all Municipalities by prioritizing LED interventions in the Provincial Growth and Development Strategy.
- Customize the National Framework for LED in alignment with ASGI-SA in the District Municipalities and the Municipalities.
- The Provincial IDP engagement process and ensure alignment with LED strategies of Municipalities and PGDS.
- Alignment of all sector plans with the PGDS and IDP's and the NSDP so as to meet service delivery targets.
- District to align sector plans i.e Housing and MIG and Municipalities IDP.
- Alignment of LED with District LED and the Provincial PGDS.

PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

Procedures for community participation processes as set out in legislation adhered to by timeously giving out meeting notices. This is Council meetings and Public meetings.

The municipality has made special efforts to enhance communication with the general public through various organized structures. The relationship with organized NGO's such as local ratepayer's associations has improved drastically during the 2009/10 - and the 2010/11 financial year and regular meetings are being held to discuss matters of mutual interest.

Council has endeavoured to meet its legal obligations with regarding public participation with special reference to the following meetings which were held:

- IDP meetings
- Budget meetings
- Imbizo's

Ward Committees were established, however, unfortunately they were not active and functional.
Public Newsletters were circulated as well as public notices to keep the community informed.

- Timeous distribution of Council agendas resulting in an almost 100% attendance of scheduled meetings.
- It is a priority to implement a Document Management System to track and monitor Council resolutions for effective communication.
- The Municipal website currently focuses on tourism and will be utilized in 2013/2014 to upload compulsory documents requested by legislation for the community to view and comment on.

COMMUNITY DEVELOPMENT WORKERS

- CDW's deployed.
- There are 5 CDW's in KHM. Two in Fraserburg, two in Sutherland and one in Williston.
- There is a fairly good relationship with them and they are mainly being utilized to promote communication between Council and the public.

DISTRICT IGR FORUM FUNCTIONALITY

- Functional – Namakwa District Municipality can provide proof.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes / No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	No
Do the IDP KPI's align to the Section 57 Managers?	No
Do the IDP KPI's lead to functional area KPI.s as per the SDBIP?	No
Were the indicators communicated to the public?	Yes

CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Municipalities must exercise their executive and legislative authority within a system of co-operative government as outlined in Section 41 of the Constitution.

The corporate governance component is clearly identified and prescribed in the Municipal Systems Act as well as the Municipal Financial Management Act. The following sub-components are highlighted:

2.6 RISK MANAGEMENT

The MFMA Section 62 (1) c required the Municipality to ensure that the Municipality has and maintain effective, efficient and transparent systems –

i) Of financial and risk management and internal control.

The Municipality does not have a Risk Management Policy in place as required in the above section.

An Internal Audit Unit as well as an External Audit Committee was established on 1 July 2010.

2.7 ANTI-CORRUPTION AND FRAUD

The municipality does not have a Fraud and Anti-Corruption Strategy in place. It is envisaged to seek assistance from CoGHSTA to meet our legal obligations in this regard.

2.8 SUPPLY CHAIN MANAGEMENT

Karoo Hoogland has established a SCM Unit as required by the MFMA. Posts have also been provided on the organogram to appoint personnel in this unit. However, due to budget restraints these positions have not all been filled yet.

The municipality has a SCM policy in place which meet the requirements of the MFMA.

2.9 BY-LAWS

Municipality has various policies in place. **(See Annexure D)** However, to date only few policies have been promulgated as by-laws. It is envisaged that various policies will be revised during the 2013/2014 financial year with the view to promulgate them as by-laws.

2.10 WEBSITES

The Municipal website currently focuses on tourism and will be utilized in 2013/2014 to upload compulsory documents requested by legislation for the community to view and comment on. Some documents have been uploaded, but still needs further upgrading to meet the legislative requirements.

Municipal Website : Content and Currency of Material		
Documents published on the Municipality's Website	**Yes \ No**	**Publishing Date**
Current annual and adjustments budgets and all budget-related documents	No	
All current budget-related policies	Yes	2011
The previous annual report	No	
The annual report published / to be published	No	
All current performance agreements required in terms of Section 57(1)(b) of the MSA (2012/2013) and resulting scorecards	No	
All service delivery agreements (2012/2013)	No	
All long-term borrowing contracts (2012/2013)	No	
All supply chain management contracts above a prescribed value(give value for 2012/2013)	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14 (2) or (4) during 2012/2013	No	
Contracts agreed in 2012/2013 to which subsection (1) of section 33 apply, subject to subsection (3) of hat section	No	
Public-private partnership agreements referred to in section 120 made in 2012/2013	N/a	
All quarterly reports tabled in the Council in terms of Section 52 (d) during 2012/2013	No	

COMMENT ON MUNICIPAL WEBSITE : CONTENT AND ACCESS

The following documentation will be uploaded on the Municipal Website in 2013/2014:

- Budget
- Financial Statements
- IDP
- Valuation Roll
- Other Policies
- Notices
- All required documents as shown in the above table.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality have difficulty with the following services due to lack of sufficient funds to attend to all the necessary maintenance :-

- Electricity
- Water supply
- Road maintenance

The upgrading of these three services will reduce the amount of complaints by the general public. The maintenance of the tar roads is currently not done sufficiently and is still a concern of the community at this stage.

CHAPTER 3:

SERVICE DELIVERY PERFORMANCE

The following projects that were part of the IDP was completed to enhance service delivery.

- Fraserburg Reservoir (Dec 2012)
- Upgrading of Electrical Substation : Fraserburg

The following projects form part of the multiyear strategic projects in the IDP and have already been approved for implementation in 2013/2014 :

- Upgrading of Sutherland Reservoirs
- Installation of electricity supply to 210 Houses in Fraserburg
- Upgrading of electrification network in Fraserburg

BASIC SERVICES

3.1 WATER PROVISION

The Municipality is dependent on underground water resources and a system of borehole pumps and pipelines are in place to feed the reservoirs in the three towns from where it is further reticulated to all households. During the year under review new reservoirs were built in Fraserburg, specifically to increase the storage capacity to ensure sufficient availability during power failures.

Also See Annexure G for the 2012/2013 Non Revenue Watersheet

Water Service Delivery Levels	
Description	**2012/2013** Actual No
Water : (above min level)	
Pipe water inside dwelling	1596
Pipe water inside yard (but not in dwelling)	608
Using public tap (within 200m from dwelling)	0
Other water supply within 200m	0
Minimum Service Level and Above	0
Water : (supply by owners themselves) (agricultural erven)	0
No water supply	0
Total number of households	**2204**

EMPLOYEES WATER SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including the provision of water. A portion of the total salary budget is allocated to water services as indicated in the table below.

Financial Performance : Water Services			
Detail	**Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	5 196 663	4 476 338	13 %
Expenditure:			
Employees	1 215 076	1 061 395	12 %
Repair and Maintenance	260 400	154 709	40%
Other	2 722 815	347 037	87 %
Total Operational Expenditure	4 198 291	1 563142	
Surplus / Deficit	998 372	2 913 196	

3.2 WASTE WATER (SANITATION) PROVISION

- All households in the Karoo Hoogland Municipal area have access to basic sanitation.
- Some of the erven in all three towns are connected to a waterborne sewerage system.
- Some erven are still equipped with sewerage drains and the sewerage are removed with sewerage removal vehicles.
- The balance of the erven have dry sanitation toilets, which are also serviced by the municipality.
- All three towns have oxidation ponds.

The following projects form part of the multiyear strategic projects in the IDP.

- Eradication of UDS Toilets (389 households remaining)
- Installation of full waterborne sewer system
  - To ensure proper operation and maintenance of existing infrastructure and equipment
  - Replace individual septic tanks with full waterborne sewer system
  - Reduce municipal capital and maintenance costs by removing suction trucks
  - Upgrading of oxidation ponds (completed)

SANITATION SERVICE DELIVERY LEVELS	
Description	**Year 2012/2013** Actual No
Sanitation / Sewerage (above minimum level)	
Flash toilet (connected to sewerage)	950
Flash toilet with septic tank	865
Other Toilet Provisions (above minimum service level)	389
No toilet provision	0
Total households	2204

EMPLOYEES SANITATION SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including the provision of sanitation. A portion of the total salary budget is allocated to sanitation services as indicated in the table below.

Financial Performance : Sanitation(waste water) Services			
Details	**Original Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	6 875 211	7 175 445	4%
Expenditure:			
Employees	2 700 799	2 364 443	12%
Repair and Maintenance	558 775	616 438	9%
Other	2 321 745	466 129	80%
Total Operational Expenditure	5 581 319	3 447 011	
Surplus / Deficit	1 293 892	3 728 434	

3.3 ELECTRICITY PROVISION

The Municipality supplies electricity to Fraserburg and part of Williston. The other part of Williston as well as Sutherland and the rural areas are serviced by ESKOM.

The following project was completed in the year under review:

- Upgrading of Electrical Substation : Fraserburg
    - Electrical reticulation throughout Fraserburg is mainly by means of overhead 11kV and low voltage. The age of these networks are in excess of 40 years and have degraded to such a state that normal maintenance and refurbishment is not adequate anymore to ensure safe and reliable operation.

ELECTRICITY SERVICE DELIVERY LEVELS	
Description	**Year 2012/2013** Actual No
Energy (above minimum level) conventional meters	0
Electricity –pre-paid (min service level)	1984
Total number of households	1984

The following posts are approved on the organogram and are budgeted for :

- Electrician (1)
- General Worker Electrical (1)

Financial Performance : Electricity Services				
Details	**Actual**	**Original Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue		**8 942 071**	**8 901 239**	**0.5%**
Expenditure				
Employee		**653 312**	**653 282**	**0.01%**
Repairs to Maintenance		**181 738**	**37 117**	**80%**

Other		**6 964 098**	**5 607 559**	**20%**
Total Operational Expenditure		**7 799 148**	**6 675 768**	
Surplus / Deficit		**41 982**	**2 160 047**	

3.4 WASTE MANAGEMENT

The Municipality does not have a Waste management Plan in place, however, this has been identified as a future project. The Municipality has a refuse removal team in each of the three towns. These teams are responsible for the removal of domestic as well as business refuse. The teams each comprises of a tractor driver and general workers and the refuse are collected manually and transported to the landfill sites in each town. Black bags are available to the public at the municipality in which refuse must be placed. The municipality must ensure proper operation and maintenance of existing infrastructure and equipment through licensing and upgrading of landfill sites.

Solid Waste Service Delivery Levels	
Description	**Year 1** Actual No
Removed at least once a week	2204
Removal at least twice a week	0
Total households	2204

3.5 HOUSING

The Municipality does not have a specific staff component to deal with housing matters as the provision of housing is a Provincial function. If a housing project is approved the services Consulting Engineers and Contractors are procured through prescribed SCM Principles. An objective of the municipality is also to enhance sustainable service delivery through infrastructure development with reference to the housing backlog of 680 houses by 2020.

During the 2012/2013 financial year no new housing projects were funded.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Due to the level of unemployment and subsequent poverty in the local municipal area, there are households that are unable to pay for normal municipal services. The Municipality therefore adopted an Indigent Management Policy to ensure that these households have access to at least all basic municipal services and was guided in the formulation of this Policy by the National Government's Policy in this regard.

All households who qualify in terms of the said policy, receives a subsidy on property rates as well as other service charges such as water, refuse and electricity (50kWh of electricity per month free of charge as well as 6000 litres water per household per month (appr. 200 litres of water/ day))

Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been approved and entered into the register of indigents qualify for the above concessions.

The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the Municipality's Policies on property rates and tariffs.

Currently there are **1035** households that are receiving indigent support on a monthly basis.

Financial Performance : Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Actual	Budget 2012/2013	Adjustment Budget	Actual	Variance to Budget
Water		379 750		558 439	32 %
Sanitation		998 200		1 757601	44 %
Electricity		189 875		145 888	23%
Waste Management (Solid Waste)					
Total					

ROAD TRANSPORT

3.7 ROADS

Williston, Fraserburg and Sutherland have tar roads and gravel roads. The Municipality must submit projects to MIG for the upgrading of roads regularly. The tar roads are currently in a poor condition with potholes occurring all over the roads. The Municipality endeavours to arrange training for its personnel to repair potholes and also purchase the necessary equipment and material to do the work in the future.

The Municipality however does not have the financial capacity to budget for the repair of all the potholes. The Municipality will have to seriously consider resealing most of the tar roads in the future before it become lapidated.

The following projects form part of the multiyear strategic projects in the IDP:

- Surfacing of existing gravel roads
    - Surfacing of internal gravel roads using labour intensive methods
    - Manufacturing paving blocks on site using local labour
    - Surfacing of roads with concrete paving blocks
    - Construction 2013 - 2016

- Cross cutting Infrastructure : Upgrading of all major routes
    - Upgrade of all major routes
    - Fabrication of stones
    - Public lighting (High mass)
    - Safety of streets (Speed bumps)
    - Upgrading of Playing grounds
    - Fencing of BNG Houses
    - Upgrading of Community Hall
    - Signage Street names and Numbers
    - Upgrading of pedestrians routes
    - Multipurpose center
    - Driver License Testing Centre
    - Upgrade of Swimming pool

EMPLOYEES ROAD SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including road services. A portion of the total salary budget is allocated to road services.

3.8 WASTE WATER STORMWATER DRAINAGE

Stormwater drainage forms an integral part of road infrastructure. Due to the fact that the road infrastructure in the three towns is not up to standard it results in poor stormwater drainage during times of heavy rain. The maintenance and construction of stormwater structures will only be addressed once the municipality receives funds for the upgrading of its road infrastructure.

The Municipality does not have separate personnel attending to this function or a budget in this regard.

3.9 TRANSPORT

Transport is **not a function** of the Municipality, however, there is potential to expand this industry, particularly the provision of public transport through economic development.

The majority of the Karoo Hoogland Local Municipality's population (82.3%) travel to school or to work by foot. Around 6.7% of the Karoo Hoogland population make use of public transport (i.e. the bus, train, taxi, or lifts with other people); while 1.6% make use of bicycles and 9.4% use their own private transport. Donkeys and horses as well as donkey/horse carts are also widely used in the area.

Significant portions of Karoo Hoogland's population are living in small, dispersed settlements and have limited transport capacity to travel the often significant distances between urban centres. As many of these households are also living in poverty, the lack of transport adds to the so-called "poverty trap", as these people are less able to conduct, for example, informal activities to alleviate their circumstances.

COMPONENT C : PLANNING AND DEVELOPMENT

3.10 PLANNING

The Municipality does not have a Planning department and for the purposes of specific town planning matters, the municipality procures the services of a Professional Town planner.

All other land use management matters are delt with in terms of the Northern Cape Development and Planning Act. The municipality does have a Land Use Management Plan as well as a Spatial Development Framework and all matters in this regard are handled by the Corporate Services Department.

During the year under review the Spatial Land Use Management Act was passed by Parliament and all future land use management matters will be dealt with in terms of the new provisions of this Act.

3.11 LOCAL ECONOMIC DEVELOPMENT

Local Economic Development (LED) is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all in the local community.

SECTOR OF EMPLOYMENT, 2009 (SOURCE: QUANTEC DATA 2009)

	Northern Cape	Namakwa DM	Karoo Hoogland LM
Agriculture, forestry and fishing	16.6%	12.6%	23.5%
Manufacturing	3.8%	2.8%	5.3%
Electricity, gas and water	0.6%	0.4%	0.1%
Construction	4.6%	5.7%	1.8%
Wholesale and retail trade, catering and accommodation	16.1%	14.6%	15.5%
Transport, storage and communication	3.2%	3.3%	2.2%
Finance, insurance, real estate and business services	9.2%	8.1%	5.0%
Community, social and personal services	15.5%	17.7%	28.8%
General government	22.3%	18.6%	17.7%

From 1995 to 2009, an average GDP (Gross Domestic Product) growth rate of -0.9% was observed in Karoo Hoogland, which was inadequate to create sufficient jobs in the local economy to reduce the unemployment rate. Karoo Hoogland Municipality has a draft Local Economic Development Strategy which will be approved in 2013/2014 financial year.

In relation to last year's EPWP projects of the upgrading of Bergstraat (Williston) and the Eradication of Persopis trees, there were no EPWP projects during the financial year under review.

THE FOLLOWING LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES WERE TAKEN FROM THE IDP:

Priority Issue: Education, illiteracy and skills development

Objectives:

- Engage with schools and relevant stakeholders regarding access to and development of training infrastructure
- Establish, with relevant stakeholders, general training and skills development programmes accessible by the community
- Engage with relevant stakeholders regarding the enhancement of education in the area

Priority Issue: The successful implementation of the new LED strategy:

Objective:

- To establish partnerships with relevant stakeholders and consult with them in the successful implementation of the LED strategy

Priority Issue: The development of a tourism industry:

Objectives:

- Develop a tourism strategy in consultation with stakeholders
- Develop skills and services related to tourism
- Develop tourism infrastructure
- The marketing of Karoo Hoogland as a tourism destination
- Establishment and enhancement of festivals unique to the area

Priority Issue: Stimulate local economy

Objectives:

- Attract potential investors through incentive programmes
- Develop basic infrastructure on vacant municipal land e.g. water, electricity
- Enhance skills and SMME development with a view to marketing services outside the region
- Identify agricultural projects for development and marketing

Priority Issue: Address social challenges that hinder economic development
Objectives:

- Establish, in consultation with stakeholders, a strategy for the management of alcohol abuse and related welfare challenges
- Develop or identify infrastructure to support social welfare programmes
- Develop and enforce by-laws relating to establishments that contribute to social challenges
- Develop youth empowerment programmes
- Develop and source skills related to social development

Priority Issue: Safe and affordable haven for visitors and residents
Objectives:

- Development of public facilities such as parks, sport and recreational infrastructure
- Engage with business sector regarding affordability of goods
- Develop, in collaboration with stakeholders, a crime prevention strategy
- Develop, in collaboration with relevant government departments, sufficient available health services
- Enhance access to public transport

Priority Issue: Develop environmental Policies and by laws
Objectives:

- To address environmental challenges and compile strategies
- Wetland Protection Strategy
- Revised and implement Integrated Waste Management Strategy
- Develop and Implement Environmental by laws
- Develop, mechanism to ensure environmental accountability and reporting

COMMUNITY & SOCIAL SERVICES

3.12 COMMUNITY AND SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES (LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER THEATRES, ZOOS ETC)

LIBRARIES

The Municipality has four Libraries that render services to the communities of Williston, Fraserburg, Sutherland.

Employees Library Services

The following posts are approved on the organogram, however, the funding for these personnel where not received from the Provincial Library Services:
Librarian (4)
Assitant Librarian (4)

MUSEUMS

The Municipality operates and maintains two museums, one each in the towns of Williston and Fraserburg.

Employees Museum Services
The following posts are approved on the organogram:
Museum workers (2)

3.13 CEMETERIES AND CREMATORUIMS

The Municipality has a cemetery in each of the towns which are maintained by municipal workers. The Municipality does not have any crematoriums.

The Municipality does not have separate personnel attending to this function or a budget for it.

The following project has been identified in the IDP:

- Environmental Impact assessment with the view to expand current cemeteries

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Municipality does not provide this service as it is a Provincial function.

ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

The Municipality does not provide this service as it is a Provincial function and services are provided by Namakwa District Municipality.

HEALTH

3.16 HEALTH / AMBULANCE SERVICES

This is a Provincial function and provided by the Department of Health. The service is however not satisfactory due to the shortage of doctors, ambulances as well as inferior conditions of the road infrastructure between the towns.

3.17 HEALTH INSPECTIONS AND ABATTOIR

This service is rendered and financed by Namakwa District Municipality on a contract based to the Municipality.

SECURITY AND SAFETY

3.18 FIRE / DISASTER MANAGEMENT

Fire Services is currently a function of the Namakwa District Municipality however the Municipality do have a water truck and fire units for emergencies to attend to. The compiling of a Disaster Management Plan is currently a responsibility of Namakwa District Municipality who assists us with it.

SPORT AND RECREATION

3.19 SPORT AND RECREATION

The Municipality has sport grounds in Williston and Fraserburg which are maintained by municipal staff.

CORPORATE POLICY OFFICES AND OTHER SERVICES

3.20 EXECUTIVE AND COUNCIL

The Municipal Council consists of 1 full time Mayor and 6 part time councillors. The Municipal Manager is the Chief Executive Officer of the Council and also the Accounting Officer in terms of the MFMA.

The main priorities of Council is outlined in the Key Performance Areas as contained in the IDP :

SERVICE DELIVERY

Priority Issue: Lack of infrastructure for proper service delivery

Objectives:

- To enhance sustainable service delivery through infrastructure development
- To ensure proper operation and maintenance of existing infrastructure and equipment
- To develop appropriate skills required for efficient service delivery
- To ensure a healthy environment for all residents with reference to combinable diseases
- Provision of standard sanitation for all residents
- Improve the storm water infrastructure
- Improve road infrastructure

LOCAL ECONOMIC DEVELOPMENT

Priority Issue: The successful implementation of the new LED strategy:

Objectives:

- To establish partnerships with relevant stakeholders and consult with them in the successful implementation of the LED strategy

Priority Issue: The development of a tourism industry:

Objectives:

- Develop a tourism strategy in consultation with stakeholders
- Develop skills and services related to tourism
- Develop tourism infrastructure
- The marketing of Karoo Hoogland as a tourism destination
- Establishment and enhancement of festivals unique to the area

Priority Issue: Address social challenges that hinder economic development

Objectives:

- Establish, in consultation with stakeholders, a strategy for the management of alcohol abuse and related welfare challenges
- Develop or identify infrastructure to support social welfare programmes
- Develop and enforce by-laws relating to establishments that contribute to social challenges
- Develop youth empowerment programmes
- Develop and source skills related to social development

Priority Issue: Education, illiteracy and skills development

Objectives:

- Engage with schools and relevant stakeholders regarding access to and development of training infrastructure

- Establish, with relevant stakeholders, general training and skills development programmes accessible by the community
- Engage with relevant stakeholders regarding the enhancement of education in the area

Priority Issue: Stimulate local economy

Objectives:

- Attract potential investors through incentive programmes
- Develop basic infrastructure on vacant municipal land e.g. water, electricity
- Enhance skills and SMME development with a view to marketing services outside the region
- Identify agricultural projects for development and marketing

Priority Issue: Safe and affordable haven for visitors and residents

Objectives:

- Development of public facilities such as parks, sport and recreational infrastructure
- Engage with business sector regarding affordability of goods
- Develop, in collaboration with stakeholders, a crime prevention strategy
- Develop, in collaboration with relevant government departments, sufficient available health services
- Enhance access to public transport

Priority Issue: Develop environmental Policies and by laws

Objectives:

- To address environmental challenges and compile strategies
- Wetland Protection Strategy
- Revised and implement Integrated Waste Management Strategy
- Develop and Implement Environmental by laws
- Develop, mechanism to ensure environmental accountability and reporting

FINANCIAL VIABILITY

Priority Issues: The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financial viable entity.

Objectives:

- To seek commitment of provincial treasury to assist with the development of a financial plan.
- To convert to GAMAP/GRAP Standards
- Continuous focus on credit control

MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Priority Issues: To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP

Objectives:

- Implementation of the 12/13 Skills Development Plan

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Priority Issue: To ensure that the Constitution of South Africa is applied in Karoo Hoogland to improve the quality of life of all its citizens and to establish a society based on democratic values, social justice and fundamental human rights.

Objectives

- To actively involve the public in local government management
- To monitor and evaluate the performance of council in terms of its PMS

3.21 HUMAN RESOURCE SERVICES

There are 104 posts approved on the current organogram and there are currently 18 vacancies on the approved organogram. Due to budget constraints the Municipality is not able to appoint all personnel as indicated on the approved organogram. Since the organogram was approved in June 2009 and revised in October 2010. Attached is the approved organogram of the Municipality.(Annexure E)

Karoo Hoogland Municipality will be undergoing a Workstudy process to revise the organistional structure in 2013/2014. Karoo Hoogland Municipality recognized the significance and importance of the development and management of its employees in order to deliver an optimal service to the community.

STAFFING AND MANAGEMENT PROFILE

- The total staff complement as at 30 June 2013 was 106 employees.

STATUS OF MANAGERIAL POSITIONS AS AT 30 JUNE 2013

- Acting Municipal Manager appointed in March 2013
- Head of Corporate Services appointed on 1 September 2011(Permanent Position)
- Acting Head of Infrastructure Services appointed on 1 September 2011
- Chief Financial Officer appointed on 1 February 2011

SKILLS DEVELOPMENT AND TRAINING

- The WSP was submitted on 30 June 2013 in terms of legislational requirements.
- In order to promote and enhance skills development and training, a HR Officer was appointed during the 2010/2011 year

EMPLOYMENT EQUITY PLANS & IMPLEMENTATION REPORTS

- The Employment Equity Plan is revised and submitted to the Departments of Labour and COGHSTA every two years. It was submitted in January 2012 for the period 2009 - 2011.

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 EMPLOYEE TOTALS AND VACANCIES

See **Annexure F** for employee totals

Council declared a moratorium on the filling of any vacant positions due to financial constraints during the year under review.

4.2 POLICIES

See Annexure D for all the Municipal Policies

CHAPTER 5

FINANCIAL PERFORMANCE

STATEMENTS OF FINANCIAL PERFORMANCE

This Key Performance Area is without any doubt the most important one, since no business or organization can fulfill its obligations without financial resources and sound financial management.

The performance of Karoo Hoogland during the year under review must be benchmarked against the performance during the previous financial years.

While the 2008/09 and 2009/10 and especially 2010/11 saw a major improvement in both the financial results and the Audit opinion, the 2012 / 13 showed a drastic decline in both the administration and financial viability of the Council. All that was build up over the previous years were obliterated during the period under review.

Severe cash flow shortages were experienced due to excessive expenditure and neglected credit control. The Budget adopted was totally unrealistic and was not funded.

The Annual Financial Statements were not completed and therefor no audit opinion is available.
Due to various irregular and unauthorized expenditure it is expected that the opinion will be negative.

5.1 STATEMENT OF FINANCIAL PERFORMANCE

APPENDIX D - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
5 998	(4 720 173)	(4 714 175)	Administration	3 165	(3 987 826)	(3 984 661)
5 601	(134 598)	(128 998)	Cemetary	7 857	(125 345)	(117 488)
336 931	(257 958)	78 973	Communage	457 091	(248 033)	209 059
3 442 862	(2 051 460)	1 391 403	Councillor General Expenditure	5 119 655	(4 408 917)	710 738
355	(175 341)	(174 986)	Director Economical Development	915	(215 242)	(214 327)
18 076 763	(10 437 056)	7 639 706	Director Finance	21 257 674	(24 751 404)	(3 493 730)
7 276 137	(5 439 629)	1 836 508	Electricity	8 901 239	(7 197 449)	1 703 791
-	(12 881)	(12 881)	Health	-	(10 116)	(10 116)
6 773	(601 240)	(594 467)	Library	7 526	(23 109)	(15 583)
15 569	(1 428 279)	(1 412 710)	Parks, Trees and Recreation	20 681	(1 488 499)	(1 467 819)
3 295 048	(100 998)	3 194 049	Rates and Taxes	4 486 572	-	4 486 572
4 494 998	(5 161 013)	(666 014)	Sanitation	7 175 446	(3 976 621)	3 198 825
-	(12 712 119)	(12 712 119)	Streets & Public Works	-	(12 563 211)	(12 563 211)
-	(324)	(324)	Television	-	(1 936)	(1 936)
93 848	(155 638)	(61 790)	Townhall and Buildings	139 632	(547 853)	(408 221)
3 109 513	(4 177 516)	(1 068 003)	Water	4 476 338	(2 975 084)	1 501 254
						-
40 161 083	(47 566 223)	(7 405 140)	Sub Total	52 054 051	(62 520 644)	(10 466 593)
-	2 727 108	2 727 108	Less Inter-Departmental Charges	-	(65 423)	(65 423)
40 161 083	(44 839 115)	(4 678 032)	**Total**	52 054 051	(62 586 067)	(10 532 016)

Preliminary figures indicate that the Council incurred a loss of R10.5m during the period under review.

APPENDIX E(1) - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2013 Actual (R)	2013 Budget (R)	2013 Variance (R)	2013 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	4 226 382	3 600 235	626 147	17.39%	
Government Grants and Subsidies	31 671 342	14 435 803	17 235 539	119.39%	Capital Grants received
Public Contributions and Donations	1 175	228	947	415.35%	
Fines	4 541	8 247	(3 706)	-44.94%	
Actuarial Gains	-		-	0.00%	
Property Rates - Penalties & Collection Charges	253 648	217 000	36 648	16.89%	
Service Charges	12 359 008	12 804 184	(445 176)	-3.48%	
Water Services Authority Contribution	-		-	0.00%	
Rental of Facilities and Equipment	711 835	493 562	218 273	44.22%	
Interest Earned - External Investments	26 337	130 200	(103 863)	-79.77%	
Interest Earned - Outstanding Debtors	409 017	434 000	(24 983)	-5.76%	
Licences and Permits	573	1 628	(1 055)	-64.79%	
Agency Services	223 279	413 928	(190 649)	-46.06%	
Other Revenue	2 167 373	49 682	2 117 691	4262.49%	
Total Revenue	**52 054 051**	**32 588 697**	**19 465 354**		
EXPENDITURE					
Executive & Council	(4 408 917)	(4 802 503)	393 586	-8.20%	
Budget & Treasury	(28 739 230)	(10 732 257)	(18 006 973)	167.78%	Capital Grant expenditure
Corporate Services	-	(276 675)	276 675	-100.00%	
Planning & Development	(215 242)	(139 423)	(75 819)	54.38%	
Health	(10 116)	(37 975)	27 859	-73.36%	
Community & Social Services	(946 276)	(1 204 670)	258 394	-21.45%	
Sport & Recreation	(1 488 499)	(886 683)	(601 816)	67.87%	Depreciation not shown in original budget
Waste Water Management	(3 976 621)	(5 581 319)	1 604 698	-28.75%	
Road Transport	(12 563 211)	(2 071 610)	(10 491 601)	506.45%	Depreciation not shown in original budget
Water	(2 975 084)	(4 198 291)	1 223 207	-29.14%	Depreciation not shown in original budget
Electricity	(7 197 449)	(7 799 148)	601 699	-7.71%	Depreciation not shown in original budget
Less: Interdepartmental Charges	(65 423)	2 958 912	(3 024 335)	-102.21%	
Total Expenditure	**(62 586 067)**	**(30 869 210)**	**(28 372 858)**		
SURPLUS / (DEFICIT) FOR THE YEAR	**(10 532 016)**	**1 719 487**	**(8 907 504)**		

Due to the unfunded budget the correlation between actual and budget figures are distorted. Budgeted income was not achieved while the Budgeted Expenditure were in some instances exceeded. During the latter part of the period under review all expenditure not classified as essential, was curtailed. The result of this unfunded budget was a rapid deterioration in service delivery.

5.2 GRANTS

Grants received were expended during the period under review. Due to inadequate reporting certain expenditure were not claimed resulting in a cash flow problem. This situation was subsequently rectified and the outstanding funds were received.

SPENDING AGAINST CAPITAL BUDGET

5.3 CAPITAL EXPENDITURE

The funding for the capital budget is derived from Grants. See 5.2 All funds received were expended.

CASH FLOW MANAGEMENT AND INVESTMENTS

5.4 CASH FLOW

As set out in preamble the cash flow situation of the municipality is under severe pressure. On various occasions the municipality could not fulfill its obligations and were there R6,01m in creditors that remained unpaid. This situation escalated further subsequently to the period under review. To rectify this situation Council has no alternative but to sell some of its unproductive assets to derive a positive cash flow. This will however only alleviate the symptoms and not the cause of the situation. It is imperative that expenditure be curtailed following corrective budgeting procedures.

Credit Control needs to be addressed urgently.

5.5 BORROWING AND INVESTMENTS

No funds were borrowed under the period of review.

OTHER FINANCIAL MATTERS

5.6 SUPPLY CHAIN MANAGEMENT

Due to the limited number of suppliers in the region it happens often that goods and services are procured from the sole suppliers. During the period under review the then Municipal Manager flaunted SCM regulations on a few occasions and were contractors appointed without following the correct procedures. These transgressions is pointed out in the Annual Financial Statements for review by the Auditor – General.

5.7 GRAP COMPLIANCE

The Annual Financial Statements will be GRAP compliant and for this purpose Council appointed a qualified person to review the statements before submission.

CONCLUSION

In his foreword the Mayor has already mentioned that the year under review was very challenging due to various factors which will not be repeated.

In addition to what the Mayor has said it should be noted that the financial statistics contained in this report cannot be verified as it has not been audited due to the fact that the Municipality had no financial statements.

In November 2013 a new Municipal Manager was appointed and it is envisaged that the challenges experienced during the 2012/2013 financial year will be addressed during the 2013/2014 financial year and that the situation in the municipality will stabilize.